

*Copy of Buffalo field audit report A-Z
Siegel, R. Corporation*

STATE OF NEW YORK

DEPARTMENT OF TAXATION AND FINANCE

BOARD OF CONFEREEES - CORPORATION TAX BUREAU

In the Matter of the Application of :

 R. C. SIEGEL CORPORATION :
 (Formerly International Chimney :
 Corporation) : Hearing Case No. 5435

for revision of franchise taxes under :
Article 9-A of the Tax Law for the :
fiscal years January 31, 1960 and 1961. :

Based on a Buffalo field audit report dated March 9, 1965, taxes were reauidited and restated and audited and stated on July 2, 1965, as follows:

1/31/60

Final Federal Net Income	\$457,274.97
Original Net Income	230,047.53
Added Income	227,227.44
Tax at 5½%	\$ 12,497.51

1/31/61

Entire Net Income	\$620,097.59
Business allocation	34.6558%
New York base	214,899.78
Tax at 5½%	\$ 11,819.49

The field audit report reads, in part, as follows:

"During the FYE January 31, 1960 the taxpayer had employees, inventories and equipment in major areas such as Pittsburgh, Cleveland etc. and was thus qualified to allocate its Entire Net Income both within and without the State on a business allocation percentage.

"The report for that year was submitted at 100% without benefit of the business allocation. A computation of the proposed assessment for the FYE 1/31/60 was made based on RAR changes at 100%.

"The taxpayer has not disagreed with the proposed assessment based upon RAR changes but has withheld a formal consent to the findings because he feels that some consideration should be made to an allocation of any assessment for that year.

"Records for FYE 1/31/60 are scattered and not available. The personnel familiar with the records are either deceased or not available. Also, by reason of the fact that the statute of limitations for a revision by the taxpayer, based upon a business allocation, has expired, no attempt has been made to compute a business allocation for that fiscal year."

On August 18, 1965 applications for revision or refund were filed and under the "American Can" case the application for the fiscal year 1960 is timely filed. In that case the Appellate Division, Third Department, held an application for revision based on the claim that the tax was computed by an erroneous method of allocating income was timely filed under Section 214.1 when filed within one year from the time of a reaudit and restatement based on a change in Federal income.

The file was referred back to Buffalo and based on information contained in its letter of May 15, 1968, we recommend that the taxes be corrected as follows:

	<u>1/31/60</u>	<u>1/31/61</u>
Final Net Income	\$462,310.19	\$632,043.63
Business allocation	53.0184%	34.6558%
New York base	245,109.47	219,039.78
Tax at 5½%	13,481.02	12,047.19
Previously assessed	25,427.06	11,819.49
Reduction in added tax	(\$ 11,946.04)	\$ 227.70

/s/ W. F. SULLIVAN
Chairman

/s/ D. H. GILHOOLY

/s/ J. J. GENEVICH

Approved
E. A. DORAN

WFS:MB
6/27/68

Approved
SAMUEL E. LEPLER 7/3/68

Approved
A. BRUCE MANLEY 7/16/68